

ECONOMIC INDICATORS

National

Consumer Prices - The non-seasonally adjusted consumer price index (CPI), as reported by the Bureau of Labor Statistics, was 2.8% in September 2007, up 0.8% for the month and .7% from the index of September 2006. The annual average index for 2006 was 3.2%, but only 2.5% for the first half of 2007. Based on information published by *Moody's Economy.com*, the CPI is expected to average 2.8% during 2007, 2.0% during 2008, and 1.9% during 2009.

Money Markets – The average yield on a three-month T-Bill during the second quarter of 2007 was 4.86%, 26 basis points lower than the average for the previous quarter. Although there has been a steady upward progression of rates during the past few years, *Economy.com* predicts a stabilization of three-month T-Bill rates between 4.5% and 5.0% during the next five years. The prime rate averaged 8.25% during the second quarter of 2007, where it has held steady since the third quarter of 2006. The annual average in 2006 was 7.96%. Rates are anticipated to remain fairly constant, between 7.50% and 8.06%, for the next five years.

Personal Income – Personal income rose at an annual rate of 4.0% during the second quarter of 2007, slightly higher than the 3.8% average for calendar year 2006 and the 2.9% average for calendar year 2005. Seasonally adjusted personal income is expected to continue to grow between 2.6% to 3.7% per year through 2011.

Agriculture Prices – During the second quarter of 2007, average crop prices rose by 16.1% compared to the same period the previous year. Livestock prices increased by 25.4% during the same period. Average prices for all agricultural products were unchanged in 2006, but fell slightly in 2005 after significant gains during the two preceding years. Average farm prices, crops and livestock, are expected to increase by over 18.0% in 2007, then show steady growth of around 6.0% to 8.0% per year through 2011.

Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in August 2007 was 2.9%, nearly unchanged from the July rate of 2.8% and the August 2006 rate of 3.0%. The North Dakota rate was considerably lower than the national rate of 4.6% in August 2007.

Energy – The price of North Dakota crude continues well above the forecasted price. June prices averaged \$61 per barrel, July prices \$68 per barrel, and August prices \$65 per barrel. The current price is over \$74 per barrel. Production continues to grow and increased in August to nearly 125,000 barrels per day. July production averaged over 123,600 barrels per day. June production averaged over 121,600 barrels per day. Drilling permit activity increased in August with 56 permits being issued compared to 47 permits in July and 31 in June. The number of producing wells increased slightly in August to 3,767 compared to 3,759 in July and 3,735 in June. The current rig count is 50 rigs, 10 more than were operating in the state one year ago.

Mortgage Rates – Mortgage rates have declined slightly in recent months. Current thirty-year fixed rates are approximately 6.250%, about 50 basis points lower than during the second quarter of this year. Fifteen-year fixed rates are approximately 5.750%.